



INTERNATIONAL PAYPHONES INC.

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July 8, 1994

The Honorable Reed E Hundt, Chairman
Federal Communications Commission
1919 M Street, NW - Room 814
Washington DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Billed Party Preference/CC Docket No 92-77

Dear Chairman Hundt:

We are writing to express our opposition to your agency's proposal to implement the costly Billed Party Preference ("BPP") regime throughout the telephone network. International Payphones Inc has been responsible for the placement of over 1500 pay telephones over the past five years. BPP will drastically alter our ability to continue to provide the public with quality telecommunications service.

The FCC's Further Notice of Proposed Rulemaking for BPP short-sightedly assumes that the revenue sharing arrangements between providers of public communications services and operator services providers ("OSP") are unnecessary costs that do not benefit the public. Nothing could be further from the truth. The commission revenue we receive ultimately justifies our investment in space, equipment, and maintenance to provide phone service to the public. BPP will cut off this critical source of funding. Without this necessary revenue stream, we simply could not afford to provide the public with the same level of calling opportunities that we currently provide. We are concerned that your staff has apparently overlooked this important and fundamental dynamic of the public communications industry.

Further, all of our phones are programmed to be in compliance with the Telephone Operator Consumer Services Improvement Act of 1990 ("TOCSIA") to allow callers to access the carriers of their choice. We support the proposition that the calling party should be able to access the carrier of their choice, and have spent substantial financial resources to see that the consumer benefits of TOCSIA are fulfilled. BPP is clearly a redundant and unnecessary federal response to a problem that has already been effectively resolved.

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Indeed, BPP will impose new and unnecessary cost and inconvenience for consumers. BPP will cost billions to implement and will have continuing costs that consumers must ultimately bear. In addition, consumers will be faced with longer call set up times and will need to repeat billing information to two operators on some calls. In short, it is questionable what, if any, benefits consumers will see from BPP.

Moreover, it does not appear that the Commission has sufficiently addressed the high risk for increased fraud that will occur with BPP. Clearly, there are numerous local exchange carriers ("LEC"), particularly those in rural areas where many prisons and jails reside, that cannot afford to implement the enhanced screening features necessary to prevent fraud under BPP. Smaller long distance companies may likewise lack the ability to prevent the new opportunities for fraud that BPP will bring.

Competition and innovation will also be eliminated by BPP. Prior to competition from independent payphones and operator service providers the LECs were the monopoly providers of public communications. Competition has brought new service options, greater responsiveness to our needs and fair commission structures. BPP will restore the LECs' bottleneck control over the initiation and routing of 0+ calls and enable them to further their own objectives at our expense.

Finally, much has been said about the massive cost of BPP. On the other hand little thought has been given to small companies, like ours, who without OSP revenue will go out of business. This current administration has made many comments about helping the small business owner. BPP would be a drastic move to destroy small independent companies such as ours.

Although on its face Billed Party Preference seems appealing, it suffers from numerous flaws. We respectfully ask the Commission to its reject Billed Party Preference proposal.

Thank you for your time and consideration

Respectfully submitted,



Jeff Huffman, President
International Payphones Inc

cc: The Honorable James H Quello
The Honorable Andrew C Barrett
The Honorable Rachelle B Chong
The Honorable Susan Ness